

Message Text

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ACTION OES-07

INFO OCT-01 EUR-12 ISO-00 ACDA-12 CIAE-00 INR-07 IO-13
L-03 NSAE-00 EB-08 NRC-05 SOE-02 DODE-00 DOE-11
SS-15 SP-02 NSCE-00 SSO-00 INRE-00 /098 W
-----060965 271834Z /66
O R 271656Z JAN 78
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC IMMEDIATE 4732
INFO AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION 1 OF 2 BELGRADE 0653

USIAEA

DEPT FOR OES (NOSENZO) AND EUR

EO 11652: GDS
TAGS: PARM, ENRG, YO
SUBJ: NUCLEAR FUEL LICENSE FOR KRSKO

REF: A) STATE 16435, B) 77 STATE 291870, C) BELGRADE 288
D) 77 BELGRADE 9264, E) 77 BELGRADE 8935

1. SUMMARY AND COMMENT: OUR RECENT DISCUSSIONS WITH FOREIGN
OFFICE NUCLEAR COORDINATOR AMB KLJUN INCLUDING THE LAST
(REPORTED BELOW) INDICATE THAT THE YUGOSLAVS WILL GRANT
APPROVAL RIGHTS ON RETRANSFER AND REPROCESSING ONLY IF THEY
ARE CONVINCED OTHER NATIONS HAVE MADE SIMILAR CONCESSIONS
UNDER NORMAL CONDITIONS OF NUCLEAR COOPERATION WITH THE
US. EVEN THEN, NEGOTIATIONS WILL BE DIFFICULT. BOTH
INDIAN AND BRAZILIAN EXAMPLES (REF A AND B) IMPRESSED
KLJUN STRONGLY. HOWEVER, HE HAD RESERVATION ON
RELYING ON REF A INFO BECAUSE OF THE INDIRECT WORDING --
DESPITE OUR EXPLANATION. IN ADDITION, KLJUN'S STEADILY
INCREASING PESSIMISM THAT RESOLUTION OF THE LICENSE
ISSUE COULD BE BASED ON AN AMENDMENT TO THE US-IAEA BILATERAL
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HAS PERSUADED US TO DOWN-GRADE THIS POSSIBILITY, AT
LEAST FOR THE PERIOD BEFORE THE TITO VISIT. KLJUN HAS
INDICATED THAT THE GOY MIGHT GRANT APPROVAL RIGHTS ON
RETRANSFER AND IS AT LEAST NOW CONSIDERING THE
OPTION OF USING US FUEL FOR LIFETIME OF THE REACTOR.
THE MAJOR STICKING POINT REMAINS APPROVAL RIGHTS ON
REPROCESSING. OUR PAST CONTACTS WITH THE FEDERAL

COMMITTEE FOR ENERGY AND INDUSTRY, WHICH IS RESPONSIBLE FOR THE ONGOING INTERMINISTERIAL DELIBERATIONS, INDICATE THAT ITS OFFICIALS AND ADVISERS GENERALLY OPPOSE LIMITING THE REPROCESSING OPTION. LOOKING AHEAD, THE WEEKS BEFORE THE NEGOTIATIONS, NOW PROPOSED FOR FEB 16 AND 17, WILL BE CRITICAL, WITH THE ULTIMATE DECISION TO BE MADE BY PRESIDENT TITO. PLEASE PROVIDE SOONEST SPECIFIC CITATION TO FORTIFY INFO IN PARA 2 REF A AND, IF IT SERVES OUR PURPOSE, A LIST OF NATIONS THAT HAVE ACCORDED US APPROVAL RIGHTS ON REPROCESSING NUCLEAR FUEL OF US AND THIRD COUNTRY ORIGIN. END COMMENT.

1. ON JANUARY 26 EC COUNSELOR AND SCIATT CALLED ON FSFA NUCLEAR AFFAIRS COORDINATOR, AMBASSADOR EDUARD KLJUN TO DISCUSS THE SALE OF US NUCLEAR FUEL TO INDIA (REF A) AND THE POSTPONEMENT OF THE USG-GOI NEGOTIATIONS ON THE KRSKO NUCLEAR FULL LICENSE. ABRIDGED CONTENTS OF REF A HAD BEEN PASSED TO THE FOREIGN OFFICE AS A NON-PAPER ON JAN 23.

2. KLJUN WAS BOTHERED BY THE WORDING OF REF A. IT DID NOT SPECIFY EXACTLY THAT THE GOI HAD AGREED TO CONDITIONS A THROUGH E, (PARA 2). HE INDICATED HE HAD RECEIVED CONFLICTING INFO FROM THE INDIANS. SCIATT EXPLAINED THAT THE INDIANS MAY NOT HAVE ACCEPTED NEW CONDITIONS BUT THAT POINTS B THROUGH E WERE PROBABLY CONFIDENTIAL

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CONTAINED IN THE USG-GOI BILATERAL AGREEMENT FOR COOPERATION AND THAT POINT A, IF MEMORY SERVED, HAD BEEN COVERED EARLIER BY A GOI LETTER. HE OFFERED TO OBTAIN EXACT CITATIONS, AN OFFER WHICH KLJUN SEIZED SAYING THAT THIS WOULD HELP HIM CONSIDERABLY IN ONGOING GOY DELIBERATIONS (HE HAD PARTICIPATED IN A SIX HOUR INTERMINISTERIAL MEETING ON KRSKO ON JAN 25 AND WAS HEADED FOR A FOUR HOUR MEETING JAN 26). KLJUN UNDERSTOOD WELL THE SIGNIFICANCE OF THE LIFETIME-OF-THE-REACTOR SUPPLY OF US FUEL.

3. ON THE AMENDMENT TO THE US-IAEA BILATERAL, KLJUN WAS PESSIMISTIC THAT HIS GOVERNMENT WOULD ACCEPT IT AS A BASIS FOR ACCEPTING NEW CONDITIONS

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ON KRSKO. "I DO NOT THINK WE SHOULD MIX (SIC) TOO MUCH WITH AMENDMENTS." HE ADDED THAT MANY MEMBERS OF THE IAEA BOARD WERE UNHAPPY WITH THE PROPOSED US AMENDMENTS.

4. KLJUN EXPRESSED REGRET ON THE NEED OF THE YUGOSLAV SIDE TO POSTPONE NEGOTIATION ON THE FUEL LICENSE. HE SAID THAT THE GOY PLACED GREAT IMPORTANCE ON THIS ISSUE, BUT THAT THE INTERMINISTERIAL DELIBERATIONS WERE EXTREMELY COMPLEX AND THAT THE ULTIMATE DECISION WOULD BE MADE BY PRESIDENT TITO -- HENCE THE NEED FOR MORE TIME.

5. KLJUN ASKED WHETHER THE USG COULD ACCEPT A COMPROMISE ON THE QUESTION OF REPROCESSING OF SPENT FUEL: THAT THE REMAINING ENRICHED URANIUM BE REMOVED FOR RECYCLING AND UNISOLATED PLUTONIUM BE PLACED IN SOME FORM OF INTERNATIONAL STORAGE. SEVERAL TIMES IN DISCUSSION HE REFERRED TO GOY DESIRE THAT AN EVENTUAL INTERNATIONAL AGREEMENT SHOULD TAKE PRECEDENCE OVER WHATEVER IS AGREED TO IN RESOLVING KRSKO FUEL ISSUE.

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6. ACTION REQUESTED: (A) CABLE SPECIFIC CITATION IN US-INDIAN AGREEMENT(S) WHICH PROVIDE US IMMEDIATE CRITERIA POINTS A-E PARA 2 REF A; (B) IF IT WOULD SERVE OUR PURPOSE, CABLE LISTS OF COUNTRIES THAT HAVE ACCORDED US APPROVAL RIGHTS ON REPROCESSING OF US-ORIGIN FUEL AND THIRD-COUNTRY ORIGIN FUEL AS

WELL AS NUMBER OF COUNTRIES THAT HAVE NOT (THIS
MIGHT ALSO BE PUT IN AN OPEN NOTE TO IAEA); (C) AIRPOUCH
COPIES OF BILATERAL AGREEMENTS FOR COOPERATION
WITH INDIA, BRAZIL AND WHATEVER COUNTRIES THAT WOULD
BE HELPFUL EXAMPLES.
EAGLEBURGER

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